Milk Prices

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The White House yesterday acknowledged that President Nixon knew of dairy industry plans to contribute to his re-election months before his decision in 1971 to increase milk price supports.

The President's approval of higher price supports, however, was defended as "totally proper" and economically "beneficial to the entire country." The White House denied that it was influenced in any way by promises of financial support for his 1972 campaign.

The White House account of the controversial increase in price supports—under investigation by both Watergate Special Prosecutor Leon Jaworski and the Senate Watergate committee—was contained in a 17-page statement released last evening.

Besides defending the decision on economic grounds, the White House cited congressional pressures generated by dairy farm lobbyists and fears on the part of Mr. Nixon and some of his advisers of alienating the farm vote, "an essential part of his political constituency," with an adverse decision.

The higher milk price supports were ordered by then-Secretary of Agriculture Clifford Hardin on March 25, 1971, two days after Mr. Nixon held a series of meetings at the White House, first with dairy industry lobbyists and officials and then

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with top administration advisers on the issue.

The White House said that contributions to the Nixon campaign were not discussed at either of those sessions, although "the political power of the dairy industry lobby" was brought to the President's attention.

In addition, the White House statement said that Mr. Nixon had been informed in September, 1970, by a memo from White House special counsel Charles W. Colson, of a $2 million campaign pledge from the biggest dairy co-op involved, the Associated Milk Producers, Inc.

The disclosure seemed to conflict with Mr. Nixon's previous statements about his policy toward campaign contributions.

Asked at an Oct. 26 press conference about another controversial gift, from billionaire Howard Hughes, the President said that he was unaware of it because of a standing rule that "I have refused to have any discussion of contributions." In accord with this practice, Mr. Nixon said, "I did not want to have any information from anybody with regard to campaign contributions."

The White House said yesterday, however, that Colson had "asserted in a memorandum to the President that AMPI had pledged $2 million to the 1972 campaign.

The memo was attached to a briefing paper for Mr. Nixon in connection with a short "courtesy" call on him at the White House by two top AMPI officials, Harold Nelson and David Parr, on Sept. 9, 1970.

"It was suggested in the memorandum that the President acknowledge AMPI's support" at that session, the White House said. But the statement added, "no suggestion was made that any commitment whatsoever be made to do any substantive act. There was also no mention of the asserted pledge during the meeting" with Nelson and Parr.

AMPI's first contribution to Mr. Nixon was made in August, 1969, when an attorney for the giant dairy co-op turned over $100,000 in cash to the President's personal lawyer, Herbert W. Kalmbach.

The White House said yesterday that Kalmbach added the money to a trustee account at the Security Pacific National Bank in Newport Beach, Calif., which already contained leftover cash from Mr. Nixon's 1968 campaign. "The President had no knowledge of this contribution," the White House said.

In a similar vein, the White House acknowledged that AMPI lawyer Patrick J. Hillings, a former Republican congressman from Mr. Nixon's district, had made a "reference to fund-raising" in a Dec. 16, 1970, letter that Hillings addressed to the President.

In the letter, Hillings mentioned AMPI's plans to donate $2 million, and then turned to a request on AMPI's behalf for immediate imposition of import quotas on ice cream and other dairy products.

The White House said Mr. Nixon "did not see this letter." And since the President "had already been informed of the fund-raising efforts by the dairy industry," the statement said, "the only possible relevance of the Hillings letter would lie in what action was taken on the Tariff Commission recommendations (regarding import quotas) that Mr. Hillings asked the President to accept."

Mr. Nixon proclaimed import quotas on the four dairy products at issue on Dec. 31, 1970. But the White House stressed that he did not go as far as the Tariff Commission had suggested.

"Rather than closing off imports—an action that would have been more favorable to the dairy industry—the President instead reduced the import quotas on each item, permitting all four goods to continue their competition with American dairy products."

Much of the white paper on the milk controversy was devoted to the March 23, 1971, meetings at the White House that led to the increase in milk price supports that year. The account was evidently based on White House tape recordings of the session, which have been turned over to Watergate prosecutors but which the White House said it still expects to be kept confidential.

Secretary Hardin, who ruled out higher price supports on March 12, 1971, has said that he decided to reverse himself after a fresh look at the problem. He told The Washington Post last fall that he "didn't need any prompting."

The White House, however, said the decision was Mr. Nixon's.

The first March 23 meeting at the White House was held in the Cabinet Room and included several administration officials as well as more than a dozen representatives of the three dairy co-ops that had just started contributing an eventual total of $427,500 for the President's re-election. The White House said the get-together was scheduled more than three weeks before Hardin had rejected higher milk price supports and stemmed from an invitation Mr. Nixon had made the previous fall.

"The President opened the meeting by thanking the dairy leaders for the support they had given to administration policies and praised them for their activism in pursuing goals which were important to them," the White House said.

The rest of the meeting, the statement said, was devoted to dairy industry pleas for higher price supports while several administration officials, in turn, expressed fears of higher retail prices and overproduction. "There was no mention whatever of campaign contributions," the White House said.